

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

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Petition of)
)
MCI, Inc.)
)
For Grant of the Authority Necessary)
for the Merger and Transfer of)
Certificate of Public Convenience and)
Necessity of Southernnet, Inc. to)
Teleconnect Long Distance Services and)
Systems Co.)

Docket No. 05-00278

**PETITION FOR APPROVAL OF MERGER AND TRANSFER OF
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

MCI, Inc. ("MCI"), by its undersigned counsel, and on behalf of its subsidiaries Southernnet, Inc. ("Southernnet") and Teleconnect Long Distance Services and Systems Co. ("Teleconnect" and together with Southernnet, "MCI"), hereby requests, pursuant to Tenn. Code Ann. § 65-4-113, that the Authority grant such authority as may be necessary or required for the merger of Southernnet into Teleconnect and the transfer of the Certificate of Public Convenience and Necessity from Southernnet to Teleconnect. The merger is another step in MCI's effort to streamline its corporate structure, achieve cost savings and eliminate any administrative duplication. The merger is expected to be completed by December 31, 2005.

A. Description of the Applicant, MCI

MCI is a corporation created and existing under the laws of the State of Delaware, with its principal office located at 22001 Loudoun County Parkway, Ashburn, Virginia

20147. Through various operating subsidiaries, including Southernnet and Teleconnect, MCI provides international and domestic interstate, intrastate and local telecommunications services. MCI is the parent company of various operating subsidiaries and offers no services directly to the public and holds no certificates of public convenience and necessity issued by the Authority.

Southernnet, Inc. is a Georgia corporation with its principal office located at 22001 Loudoun County Parkway, Ashburn, Virginia 20147. Southernnet is as a reseller of interexchange services in 10 states, including Tennessee, and operates under the Telecom*USA brand.

Teleconnect Long Distance Services and Systems Co. is an Iowa corporation with its principal office located at 22001 Loudoun County Parkway, Ashburn, Virginia 20147. Teleconnect is authorized to provide resold interexchange service in 37 states and also operates under the Telecom*USA brand. A copy of Teleconnect's certificate of authority to transact business in Tennessee is attached hereto as Exhibit 1.

B. Contact Information

Correspondence concerning this application may be directed to:

David I. Adelman, Esq.
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david.adelman@sablaw.com
frank.lomonte@sablaw.com

And:

James L. Murphy III, Esq.
Boult, Cummings, Conners & Berry, PLC
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Post Office Box 340025
Nashville, Tennessee 37203
Phone: (615) 252-2303
Fax: (615) 252-6303
Email: jmurphy@boultcummings.com

With a copy to:

Leigh Ann Cox, Manager
MCI, Inc.
500 Clinton Center Drive
Building 3, 3rd Floor
Clinton, MS 39056
Phone: (601) 460-8968
Fax: (601) 460-8971
Email: leigh.ann.cox@mci.com

C. Description of Proposed Merger

The merger is an essential aspect of MCI's continued plans to streamline its corporate structure and allow it to operate in a more efficient manner. The merger will result in Southernnet's assets, which are primarily operator service and transactional services and which include a small number of presubscribed customers, being merged with those of Teleconnect. As shown in Exhibit 2 and Exhibit 3, Southernnet will be merged into Teleconnect. MCI, the ultimate parent of both companies will retain control of the surviving subsidiary, Teleconnect. Southernnet currently provides services to a limited number of customers, approximately eight in Tennessee on a presubscribed basis. In addition, Southernnet predominately provides service on a transaction basis using dial around numbers such as 1010321 and 1010220. Customers using these transactional

services do not have to be presubscribed to Southernnet to take advantage of these offerings. The merger and subsequent transfer of the relatively few presubscribed customers will not adversely affect the provision of interexchange services in Tennessee. The affected customers will receive a notice of the merger in accordance with TRA Rule 1220-4-2-.56 (d), a copy of which is attached as Exhibit 4. Customers will receive the same services at the same high quality from Teleconnect that they currently receive from Southernnet. Upon consummation of the merger, Teleconnect will file revise Southernnet's tariffs to reflect the Teleconnect name. No changes will be made to the rates, terms and conditions or service offerings; only the name will change, and all branding will still remain Telecom*USA, making the merger transparent to the customer and anyone utilizing dial-around services.

D. Request for Transfer of Certificate of Public Convenience and Necessity to Teleconnect

Since the two companies are corporate affiliates providing the same services and utilizing the same business plan and brand, MCI requests that Southernnet's existing Certificate of Public Convenience and Necessity¹ be transferred to Teleconnect so that Teleconnect may commence providing telecommunication services to Southernnet's customers immediately upon consummation of the merger. Teleconnect will assume all the financial, managerial, and technical capabilities of Southernnet and will therefore be as fully qualified as Southernnet to perform efficiently the services described in the Southernnet's Certificate of Public Convenience and Necessity. The result of the merger

¹ Southernnet was granted authority from the Authority via Docket No. 95-03311 on April 21, 1998.

and transfer of certificate be seamless to Southernnet's customers. Southernnet's eight presubscribed Tennessee customers will continue to receive the same services, at the same rates, terms and conditions, and under the same Telecom*USA brand. Only the name of the company will change.

Under Tenn. Code Ann. § 65-4-113, the Authority, when considering a petition for the transfer of a certificate, "shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred." Furthermore, under the statute, the Authority "shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest."

As previously discussed, Teleconnect will have the same managerial, technical and financial capabilities to provide telephone services as Southernnet. The reorganization will generally be transparent to customers and will have no adverse impact on them. Current customers will continue to see the Telecom*USA brand on their invoices and the consolidation will be entirely transparent to them. This proposed consolidation will provide significant reductions in legal, accounting and tax administrative burdens and will simplify the MCI companies' corporate structure, eliminating administrative redundancy and improving the companies' overall efficiency, thereby enhancing the company's ability to compete in Tennessee and elsewhere. Over time, consumers in Tennessee will benefit from a greater number of product and service options as well as more efficient prices resulting from the enhanced competitive ability of the streamlined company.

As reflected on the organizational charts appended hereto, upon completion of the reorganization, the ownership of Teleconnect will be identical to its current ownership and the ownership of Southernnet. Thus, there should be no question about the qualifications of Teleconnect and its parent, MCI, to offer telephone service in Tennessee as the reorganization will not cause any meaningful change in the ownership, financial condition or services of the utility entities. Moreover, because of the operating efficiencies resulting from the merger and the ensuing benefits to customers, this transfer of authority furthers the public interest.

E. Conclusion

MCI respectfully submits that the public interest, convenience, and necessity would be furthered by grant of this Application. In addition to ensuring an orderly streamlining of MCI's corporate structure and to reduce duplication of efforts with the Authority, MCI respectfully requests the Authority approve the merger and transfer of certificate from Southernnet to Teleconnect.

An original and 14 copies of this application is enclosed. MCI respectfully requests that the Authority date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed stamped envelope. Further information regarding the merger is available at the request of the Authority.

Dated: September 9, 2005

Respectfully submitted,

**MCI, INC., on behalf of its subsidiaries
Southernnet, Inc. and Teleconnect Long
Distance Services and Systems Co.**

By: 

James L. Murphy III, Esq.
Boult, Cummings, Connors & Berry, PLC
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david.adelman@sablaw.com
frank.lomonte@sablaw.com

Counsel for MCI, Inc.

VERIFICATION

I, Kennard B. Woods, state that I am Senior Attorney of MCI, Inc., applicant in the foregoing Petition of MCI, Inc.; that I am authorized to make this Verification on behalf of MCI, Inc, and that the statements in the foregoing Petition are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 9 day of September, 2005, at Atlanta, Georgia.

By: Kennard B. Woods
Kennard B. Woods

*Sworn to and subscribed before me on
the 9th day of September, 2005.*

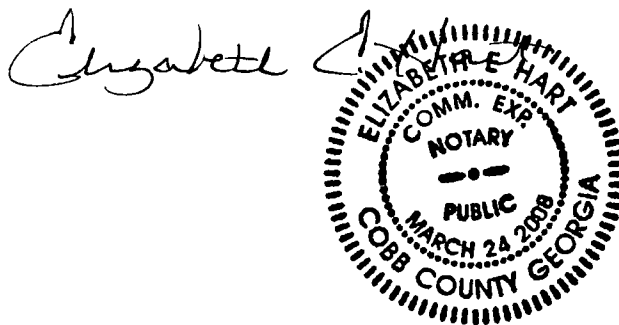


Exhibit 1

Certificate Of Authority

[See Attached]

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

ISSUANCE DATE: 08/11/2005
REQUEST NUMBER: 05223527
TELEPHONE CONTACT: (615) 741-6488

CHARTER/QUALIFICATION DATE: 01/13/1988
STATUS: ACTIVE
CORPORATE EXPIRATION DATE: PERPETUAL
CONTROL NUMBER: 0199098
JURISDICTION: IOWA

TO:
CFS
8161 HWY 100
NASHVILLE, TN 37221

REQUESTED BY:
CFS
8161 HWY 100
NASHVILLE, TN 37221

CERTIFICATE OF AUTHORIZATION

I, RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

"TELECONNECT LONG DISTANCE SERVICES & SYSTEMS COMPANY",

A CORPORATION FORMED IN THE JURISDICTION SET FORTH ABOVE, IS AUTHORIZED TO
TRANSACTION BUSINESS IN THIS STATE:
THAT ALL FEES, TAXES, AND PENALTIES OWED TO THIS STATE WHICH AFFECT THE
AUTHORIZATION OF THE CORPORATION HAVE BEEN PAID;
THAT THE MOST RECENT CORPORATION ANNUAL REPORT REQUIRED HAS BEEN FILED
WITH THIS OFFICE; AND
THAT AN APPLICATION FOR CERTIFICATE OF WITHDRAWAL HAS NOT BEEN FILED.

FOR: REQUEST FOR CERTIFICATE

ON DATE: 08/11/05

FROM:
CFS
8161 HIGHWAY 100
#172
NASHVILLE, TN 37221-0000

	FEES	
RECEIVED:	\$200.00	\$0.00
TOTAL PAYMENT RECEIVED:		\$200.00

RECEIPT NUMBER: 00003786527
ACCOUNT NUMBER: 00101230



Riley C Darnell

RILEY C DARNELL
SECRETARY OF STATE

Exhibit 2

Current Organizational Chart

[See Attached]

**Current
Structure**

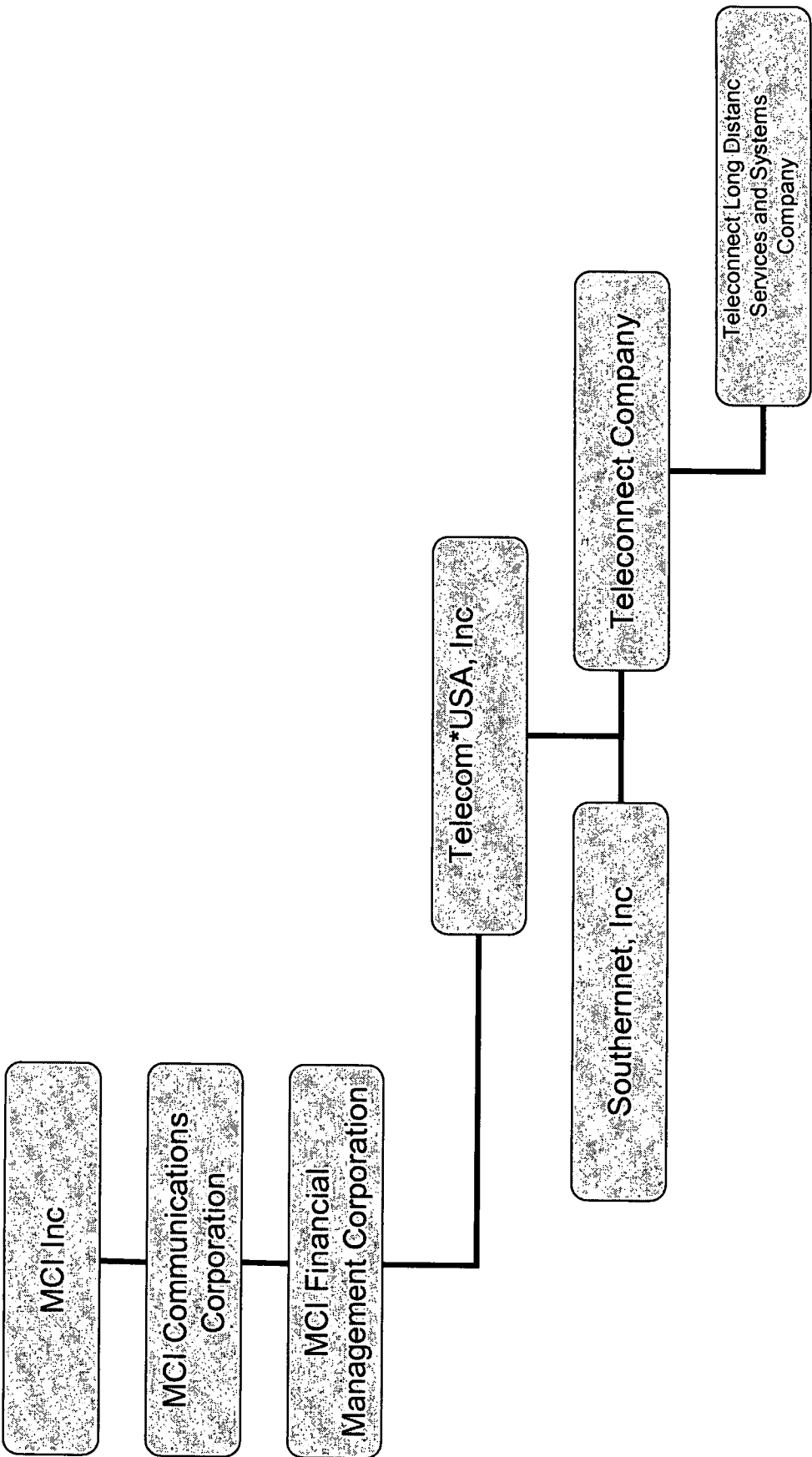


Exhibit 3

Proposed Organizational Chart

[See Attached]

**Proposed
Structure**

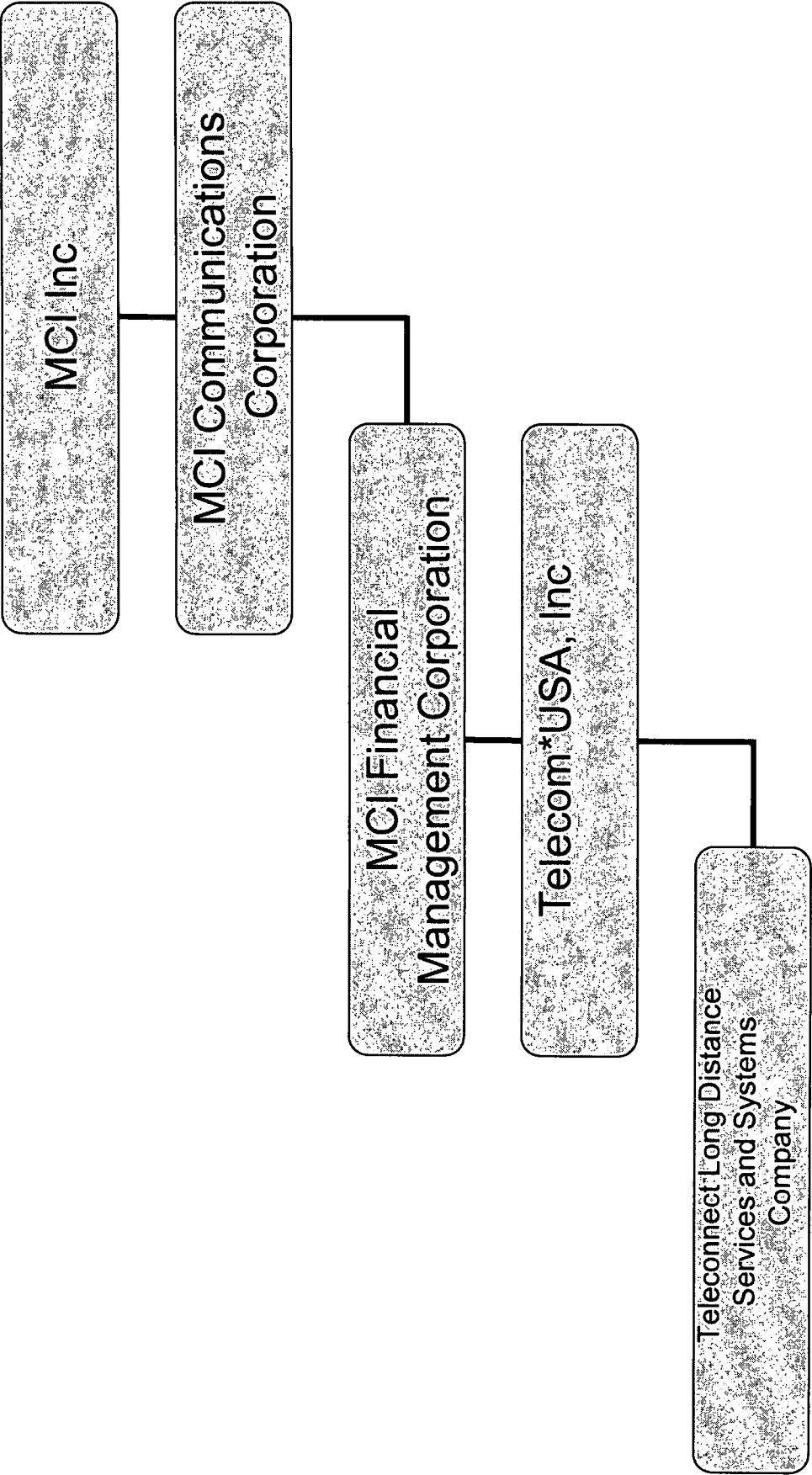


Exhibit 4

Customer Notification Letter

[See Attached]

EXHIBIT 4
Sample Customer Notice of Merger

[Insert Letterhead/Logo of Southernnet Inc. and Teleconnect Long Distance Service and Systems Company]

Dear Customer,

Your Telecom*USA provider is changing. Currently your Telecom*USA service is provided by Southernnet Inc. Later this year Southernnet Inc. will merge with its sister company Teleconnect Long Distance Service and Systems Company. This change will be effective on [Insert Date - TBD].

After the merger Teleconnect Long Distance Service and Systems Company will be providing your Telecom*USA services. This change will not result in any additional charges to you. There will be no changes to your Telecom*USA plans and you will continue to receive service under the same terms, conditions and rates that are in effect today.

If any increase in your rates should occur within 90 days of the date this change becomes effective, Telecom*USA will notify you at least 30 days in advance. Subsequent changes will be reflected in Telecom*USA 's Tennessee tariffs.

As always, you have the right to receive local phone service from any carrier you choose, subject to the terms of any existing contract commitment.

If you have any questions please call us at 1-800-444-5500

Telecom*USA